

United States Senate

WASHINGTON, DC 20510

February 16, 1999

The Honorable David Walker
Comptroller General of the United States
441 G Street NW
Washington, DC 20548

Dear Mr. Walker:

The purpose of this letter is to request that the General Accounting Office (GAO) conduct a review of certain aspects of the operation and activities of the Pension Benefits Guaranty Corporation (PBGC). Over the last 10 years, the GAO conducted a number of studies regarding the integrity and auditability of the pension trust funds. However, to the best of our knowledge, the GAO did not conduct a review of the actual operation of this self-financing, wholly owned Government corporation that insures most private sector defined pension benefit plans and represents more than 42 million participants.

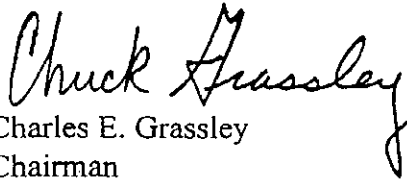
In light of this situation, we are requesting that the GAO examine several aspects of the PBGC's operations. First, we request that the GAO conduct an efficiency and effectiveness study of the internal operations at the PBGC. Specifically, please address how well the PBGC is serving the interests of its clients, as well as the issue of consistency and duplication and the integrity of information maintained in its computerized systems.

Next, we have been advised that the PBGC utilizes many independent contractors, among others, to perform the duties typically conducted by full-time civil service employees. Accordingly, we would appreciate a manpower utilization and grading study. In a related matter, please note that the Office of Personnel Management (OPM) is scheduled to begin a personnel review of the PBGC in March. Therefore, consideration should be given to coordinating with the OPM in this regard.

Furthermore, we request a review of PBGC's contracting and procurement practices, including PBGC's sole source contracting practices and procedures. What uses are made of contract employees and is there undue reliance on such reliance on outside contractors by the agency? With regard to the PBGC's use of the outside contractors, please assess the proper role of such employees. Specifically, are these employees either 'under' or 'over' qualified for this work?

We request that this study be completed by February 2000, one year from now. Should you have any questions regarding this request, or if the request can be further refined, please do not hesitate to contact Suey Howe of the Small Business Committee at (202) 224- or Karina Lynch of the Aging Committee staff at (202)224- . Thank you.

Sincerely,



Charles E. Grassley
Chairman
Senate Special Committee on Aging



Christopher S. Bond
Chairman
Committee on Small Business